

**PARTICIPATING ORGANISATIONS' CIRCULAR**
**Date: 7 June 2023**
**No: R/R 3 of 2023**
**AMENDMENTS TO THE DIRECTIVES ON REGULATED SHORT SELLING - APPROVED SECURITIES ("DIRECTIVE NO. 8.22(5)-001") IN RELATION TO EXPANSION OF THE APPROVED SECURITIES CRITERIA**
**1. AMENDMENTS TO DIRECTIVE**

- 1.1 As part of Bursa Malaysia Securities Berhad's ("**BMS**" or "**the Exchange**") on-going initiatives to spur liquidity and vibrancy in the capital market, and to better facilitate investors in executing their trading strategies, the Exchange has amended Directive No. 8.22(5)-001 to expand the criteria for Approved Securities<sup>1</sup>.
- 1.2 The key amendments made to the criteria set out in Directive No. 8.22(5)-001 are as follows:
- (a) revising the daily market capitalisation criterion of an Approved Securities for the preceding 3 months from RM 500 million to RM 200 million ("**Market Capitalisation Criterion**"); and
  - (b) declaring all listed Exchange Traded Funds ("**ETFs**") as Approved Securities, with the exception of Inverse ETF ("**ETF as Approved Securities**").
- 1.3 The amendments to Directive No. 8.22(5)-001 have been approved by the Securities Commission Malaysia and are as set out in **Annexure 1**.

**2. FREQUENTLY ASKED QUESTIONS ("FAQs")**

The Exchange has also updated the current FAQs on short selling to facilitate an investor's better understanding of the updated short selling frameworks and the amendments to Directive No. 8.22(5)-001. The FAQs can be accessed at the following link:

[https://www.bursamalaysia.com/regulation/faqs\\_relating\\_to\\_bursa\\_malaysia\\_rules](https://www.bursamalaysia.com/regulation/faqs_relating_to_bursa_malaysia_rules)

**3. EFFECTIVE DATE**

- 3.1 The amendments to Directive No. 8.22(5)-001 will be implemented in stages as follows:

<b>No.</b>	<b>Relevant amendments</b>	<b>Effective date</b>
(a)	Market Capitalisation Criterion <i>[Paragraph 1.1(1) of Directive 8.22(5)-001]</i>	12 June 2023
(b)	ETF as Approved Securities <i>[Paragraph 1.2 of Directive 8.22(5)-001]</i>	Will be announced by the Exchange in due course.

<sup>1</sup> These are securities that meet the prescribed criteria and are declared by the Exchange as Approved Securities for the purposes of short selling pursuant to Rule 8.22(5) of the BMS Rules.

- 3.2 Following the implementation of the amendments set out in paragraph 3.1(a) above, the Exchange will issue the list of the updated Approved Securities in July 2023.

#### 4. CONTACT PERSONS

In the event of any queries in relation to the above matter, kindly contact us at the following:

	Contact Details
Origination & Listing	<a href="mailto:pmd@bursamalaysia.com">pmd@bursamalaysia.com</a>
Regulatory Policy & Advisory (Rule Amendments)	<a href="mailto:rpa@bursamalaysia.com">rpa@bursamalaysia.com</a>

**This Circular is available at:**

[https://www.bursamalaysia.com/regulation/securities/rules\\_of\\_bursa\\_malaysia\\_securities](https://www.bursamalaysia.com/regulation/securities/rules_of_bursa_malaysia_securities)

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**Regulation**



**AMENDMENTS TO THE DIRECTIVES ON REGULATED SHORT SELLING - APPROVED SECURITIES (“DIRECTIVE NO. 8.22(5)-001”) IN RELATION TO  
EXPANSION OF THE APPROVED SECURITIES CRITERIA**

EXISTING PROVISIONS		AMENDED PROVISIONS	
<b>DIRECTIVE NO. 8.22(5)-001</b>			
<b>Paragraph 1.1(1)</b>	<p><b>1.1 Criteria for Approved Securities</b></p> <p>(1) Subject to paragraph 1.1(2), the criteria for Approved Securities is as follows:</p> <p>(a) the securities are for the time being admitted to the Official List;</p> <p>(b) the securities have a daily market capitalisation of RM500,000,000.00 for at least 3 months prior to the declaration date;</p> <p>(c) the securities have at least 50,000,000 units in public float prior to the declaration date; and</p> <p>(d) the volume of trading for the securities on a monthly basis on average is at least 1,000,000 units for 12 months prior to the declaration date.</p>	<b>Paragraph 1.1(1)</b>	<p><b>1.1 Criteria for Approved Securities</b></p> <p>(1) Subject to paragraphs 1.1(2) <u>and 1.2 below</u>, the criteria for Approved Securities is as follows:</p> <p>(a) the securities are for the time being admitted to the Official List;</p> <p>(b) the securities have a daily market capitalisation of RM<del>500</del>200,000,000.00 for at least 3 months prior to the declaration date;</p> <p>(c) the securities have at least 50,000,000 units in public float prior to the declaration date; and</p> <p>(d) the volume of trading for the securities on a monthly basis on average is at least 1,000,000 units for 12 months prior to the declaration date.</p>
<b>Paragraph 1.1(2)</b>	<p>(2) Securities which are newly admitted to the Official List may be declared by the Exchange as Approved Securities if the securities:</p> <p>(a) have a full market capitalisation amounting to 2% or more of the full capitalisation of the</p>	<b>Paragraph 1.1(2)</b>	<p>(2) <u>Subject to paragraph 1.2 below</u>, <del>S</del> securities which are newly admitted to the Official List may be declared by the Exchange as Approved Securities if the securities:</p> <p>(a) have a full market capitalisation amounting to 2% or more of the full capitalisation of the FTSE Bursa</p>



EXISTING PROVISIONS		AMENDED PROVISIONS	
	<p>FTSE Bursa Malaysia EMAS Index prior to the declaration date; and</p> <p>(b) are included as a constituent of the FTSE Bursa Malaysia Kuala Lumpur Composite Index prior to the declaration date.</p> <p>Such securities are not subject to the criteria in paragraph 1.1(1) for a period of a year from the date such securities are admitted to the Official List.</p>		<p>Malaysia EMAS Index prior to the declaration date; and</p> <p>(b) are included as a constituent of the FTSE Bursa Malaysia Kuala Lumpur Composite Index prior to the declaration date.</p> <p>Such securities are not subject to the criteria in paragraph 1.1(1) for a period of a year from the date such securities are admitted to the Official List.</p>
<b>Paragraph 1.2</b>	<b>New provision.</b>	<b>Paragraph 1.2</b>	<p><b><u>1.2 Exchange Traded Fund (ETF)</u></b></p> <p><u>(1) All ETFs admitted to the Official List are declared as Approved Securities except for Inverse ETFs.</u></p> <p><u>(2) The ETFs referred to in paragraph 1.2(1) are not subjected to the criteria set out in paragraphs 1.1(1) and 1.1(2) above.</u></p> <p><u>(3) All provisions in these Rules and Directives which are applicable to the trading of Leveraged ETFs also apply to the Regulated Short Selling and Intraday Short Selling of the Leveraged ETFs, including the criteria for a Client to trade in Leveraged ETFs.</u></p>

[End of Amendments to Directive No. 8.22(5)-001]